

The Influence of Price, Customer Satisfaction, And Service Quality on Community Welfare Is Mediated by an Increase in Community Income (Case Study of Clean Water Drilled Wells in Jirekan Hamlet, Sukodadi – Lamongan District) Partial Least Square Method And Structural Equation Modelling (PLS – SEM)

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Article Info	ABSTRACT
Keywords: Financial Analysis, Financial Reports, Profit Planning.	The purpose of this study is to test and analyze the influence of price, customer satisfaction, and service quality on the increase in community income, as well as to test and analyze the influence of increasing community income on community welfare case study of clean water drilled wells in Jirekan Hamlet, Sukodadi – Lamongan District. In this study, 115 samples were used from the population of borehole clean water customers in Jirekan Hamlet, Balungtawun Village, Sukodadi District, Lamongan Regency. The method of collecting data is by means of interviews and distributing questionnaires to customers who buy clean water. Data analysis using the outer model consisted of validity tests and reliability tests, the inner models consisted of R-square, Path Coeficien, T-Statistic, Predictive Relavance, Model Fit, and as well as mediation tests and hypothesis tests. The results of the study show that prices have a positive but not significant effect on the variables of community welfare. Price variables have a positive and significant influence on the variable of increasing people's income. Customer satisfaction variables have a negative and significant influence on community welfare variables. The customer satisfaction variable has a negative and insignificant effect on the increase in people's income. The variable of service quality has a positive and significant influence on the variable of community welfare. The variable of service quality has a positive and significant influence on the variable of increasing public income. And the increase in community income has a positive and significant influence on the variables of community welfare
This is an open access article under the CC BY-NC license 	Corresponding Author: Salmah Rosyida Master of Management Study Program, Postgraduate, Lamongan Islamic University salmahrosyida@unisla.ac.id

INTRODUCTION

Indonesia is an archipelagic country united by an ocean area with an area of 8 million km², a territorial area of 5.8 million km² or equal to 2/3 of Indonesia's territory, consisting of an Exclusive Economic Zone (EEZ) of 2.7 million km² and a territorial sea area of 3.1 million km². The area of Indonesian waters has been recognized as an Archipelago Insight by the

United Nations Convention of the Sea (UNCLOS, 1982). With the vast sea area that exists, Indonesia has enormous marine and fisheries potential.

Currently, the issue of clean water supply is a special concern for developed and developing countries. Indonesia, like other developing countries, is not spared from the problem of providing clean water for its people. One of the main problems faced is the lack of availability of clean water sources, the uneven provision of clean water services, especially in rural areas, and existing clean water sources have not been utilized optimally.

Lamongan Regency is an area where underground water sources are difficult to find. Often the areas that have been drilled do not find water sources that are suitable for drinking water needs because they feel brackish and even taste salty even to a depth of more than 100 m. However, if it is found, groundwater only ranges from 2 – 6 l/second. The quality and quantity of clean water services to existing consumers are also inadequate, characterized by not all service areas receiving clean water supply that operates 24 hours a day and the quality of water that reaches consumers is sometimes murky.

The purpose of this study is to test and analyze the influence of Price, Customer Satisfaction, and Service Quality on Community Welfare Mediated by Increased Community Income A case study of clean water drilled wells in Jirekan Hamlet, Sukodadi – Lamongan District Based on the references of several previous studies that have been conducted, the author is very interested in writing and researching entitled "The Influence of Price, Customer Satisfaction, and Service Quality on Community Welfare Mediated by Increasing Community Income (Case Study of Clean Water Drilled Wells in Jirekan Hamlet, Sukodadi – Lamongan District) Partial Least Square Method and Structural Equation Modelling (PLS - SEM)".

RESEARCH METHODS

This research method uses a quantitative method. The population used is 160 sellers of clean water from drilled wells in Balungkawun Village, Sukodadi District, Lamongan Regency. This study uses accidental sampling techniques to collect data by means of interviews and distribution of questionnaires to customers who buy clean water. Data analysis using the outer model consisted of validity tests and reliability tests, the inner models consisted of R-square, Path Coeficien, T-Statistic, Predictive Relavance, Model Fit, and as well as mediation tests and hypothesis tests.

RESULTS AND DISCUSSION

Measurement Model (Outer Model)

Validity Test

Covergent Validity

Table 5.9 Outer Loding

Indikator	Harga (X1)	Kepuasan Pelanggan (X2)	Kesejahteraan Masyarakat (Z)	Kualitas Pelayanan (X3)	Peningkatan Pendapatan Masyarakat (Y)
X1.1	0.959				
X1.2	0.907				

Indikator	Harga (X1)	Kepuasan Pelanggan (X2)	Kesejahteraan Masyarakat (Z)	Kualitas Pelayanan (X3)	Peningkatan Pendapatan Masyarakat (Y)
X1.3	0.937				
X1.4	0.911				
X2.1		0.847			
X2.2		0.823			
X2.3		0.899			
X2.4		0.769			
X2.5		0.845			
X3.1				0.859	
X3.2				0.839	
X3.3				0.844	
X3.4				0.844	
X3.5				0.801	
Y1.1					0.919
Y1.2					0.916
Y1.3					0.828
Z1.1			0.876		
Z1.2			0.948		
Z1.3			0.924		
Z1.4			0.878		

Sumber: Data Hasil SEM PLS 3.3.7 (2022).

Discriminatory Validity

Table 5.10 Cross Loading

Indikator	Harga (X1)	Kepuasan Pelanggan (X2)	Kesejahteraan Masyarakat (Z)	Kualitas Pelayanan (X3)	Peningkatan Pendapatan Masyarakat (Y)
X1.1	0.959	0.777	0.559	0.585	0.710
X1.2	0.907	0.768	0.573	0.597	0.724
X1.3	0.937	0.702	0.562	0.566	0.679
X1.4	0.911	0.732	0.579	0.528	0.657
X2.1	0.746	0.847	0.481	0.607	0.686
X2.2	0.664	0.823	0.329	0.575	0.583
X2.3	0.699	0.899	0.416	0.604	0.576
X2.4	0.636	0.769	0.406	0.653	0.579
X2.5	0.604	0.845	0.488	0.705	0.604
X3.1	0.479	0.664	0.463	0.859	0.624
X3.2	0.548	0.690	0.616	0.839	0.622
X3.3	0.531	0.654	0.491	0.844	0.657
X3.4	0.490	0.596	0.487	0.844	0.638
X3.5	0.513	0.552	0.579	0.801	0.719
Y1.1	0.691	0.727	0.700	0.761	0.919
Y1.2	0.723	0.678	0.708	0.732	0.916
Y1.3	0.560	0.513	0.560	0.573	0.828
Z1.1	0.488	0.436	0.876	0.586	0.587

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Z1.2	0.582	0.490	0.948	0.613	0.708
Z1.3	0.608	0.500	0.924	0.600	0.737
Z1.4	0.533	0.424	0.878	0.499	0.654

Sumber: Data Hasil SEM-PLS 3.3.7 (2022).

Composite Reliability Cronbach's Alpha

Table 5.11 Composite Reliability dan Cronbach's Alpha

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
PRICE (X1)	0.947	0.962	0.863
CUSTOMER SATISFACTION (X2)	0.893	0.921	0.701
COMMUNITY WELFARE (Z)	0.928	0.949	0.823
SERVICE QUALITY (X3)	0.894	0.922	0.702
INCREASE IN COMMUNITY INCOME (Y)	0.867	0.918	0.79

Source: SEM-PLS 3.3.7 (2022) Results Data

Model struktural (Inner model) R-Square

Table 5.12. R-Square

	R Square	R Square Adjusted
COMMUNITY WELFARE (Z)	0.595	0.580
INCREASE IN COMMUNITY INCOME (Y)	0.725	0.717

Source: SEM-PLS 3.3.7 (2022) Results Data

Mediation Test

Table 5.13. Path Coefisien

Hubungan Antar Variabel	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Harga (X1) → Kesejahteraan Masyarakat (Z)	0.308	0.305	0.174	1.767	0.078
Harga (X1) → Peningkatan Pendapatan Masyarakat (Y)	0.442	0.420	0.134	3.289	0.001
Kepuasan Pelanggan (X2) → Kesejahteraan Masyarakat (Z)	-0.338	-0.339	0.125	2.699	0.007

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Hubungan Antar Variabel	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Kepuasan Pelanggan (X2) → Peningkatan Pendapatan Masyarakat (Y)	-0.026	0.000	0.149	0.173	0.863
Kualitas Pelayanan (X3) → Kesejahteraan Masyarakat (Z)	0.272	0.271	0.124	2.190	0.029
Kualitas Pelayanan (X3) → Peningkatan Pendapatan Masyarakat (Y)	0.530	0.529	0.102	5.182	0.000
Kesejahteraan Masyarakat (Z) → Peningkatan Pendapatan Masyarakat (Y)	0.547	0.556	0.156	3.516	0.000
Peningkatan Pendapatan Masyarakat (Y) → Kesejahteraan Masyarakat (Z)	(nilai tidak terlihat pada gambar yang diunggah)	(tidak terlihat)	(tidak terlihat)	(tidak terlihat)	(tidak terlihat)

Table 5.14 Specific Indirect Effects

Hubungan Antar Variabel	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Harga (X1) → Peningkatan Pendapatan Masyarakat (Y) → Kesejahteraan Masyarakat (Z)	0.242	0.231	0.100	2.417	0.016
Kepuasan Pelanggan (X2) → Peningkatan Pendapatan Masyarakat (Y) → Kesejahteraan Masyarakat (Z)	-0.014	0.003	0.089	0.158	0.875
Kualitas Pelayanan (X3) → Peningkatan Pendapatan Masyarakat (Y) → Kesejahteraan Masyarakat (Z)	0.290	0.293	0.098	2.949	0.003

Source: SEM-PLS 3.3.7 (2022) Results Data

Hypothesis Testing

Table 5.15 Path Coefisien

Hubungan Antar Variabel	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Harga (X1) → Kesejahteraan Masyarakat (Z)	0.308	0.305	0.174	1.767	0.078
Harga (X1) → Peningkatan Pendapatan Masyarakat (Y)	0.442	0.420	0.134	3.289	0.001
Kepuasan Pelanggan (X2) → Kesejahteraan Masyarakat (Z)	-0.338	-0.339	0.125	2.699	0.007
Kepuasan Pelanggan (X2) → Peningkatan Pendapatan Masyarakat (Y)	-0.026	0.000	0.149	0.173	0.863
KUALITAS PELAYANAN (X3) → KESEJAHTERAAN MASYARAKAT (Z)	0.272	0.271	0.124	2.190	0.029
KUALITAS PELAYANAN (X3) → PENINGKATAN PENDAPATAN MASYARAKAT (Y)	0.530	0.529	0.102	5.182	0.000
PENINGKATAN PENDAPATAN MASYARAKAT (Y) → KESEJAHTERAAN MASYARAKAT (Z)	0.547	0.556	0.156	3.516	0.000

CONCLUSION

1. The influence of price variables on people's welfare, this can be proven by the Original Sample value (Coefficient) of $0.308 > 0.000$ with T-statistics $> T$ -table ($1.767 > 1.661$) and P-value $0.078 > 0.05$, then H_0 is accepted and H_1 is rejected, so it can be concluded that the Price variable has a positive but not significant effect on the social welfare variable.
2. The influence of price variables on the increase in people's income, this can be proven by the Original Sample value (Coefficient) of $0.442 > 0.000$ with T-statistics $> T$ -table ($3,289 > 1,661$) and P-value $0.001 < 0.05$, then H_0 is rejected and H_1 is accepted, So it can be concluded that the Price variable has a positive and significant effect on the variable of increasing people's income.
3. The influence of customer satisfaction variables on community welfare variables, this can be proven by the Original Sample value (Coefficient) of $-0.338 < 0.000$ with T-statistics $> T$ -table ($2,699 > 1,661$) and P-value $0.007 < 0.05$, then H_0 is rejected and H_1 is accepted, So it can be concluded that the customer satisfaction variable has a negative and significant effect on the social welfare variable.
4. The influence of the customer satisfaction variable on the increase in public income, this can be evidenced by the Original Sample value (Coefficient) of $-0.026 < 0.000$ with T-statistics $> T$ -table ($0.173 < 1.661$) and P-value $0.863 > 0.05$, then H_0 is accepted and

H1 is rejected, so it can be concluded that the customer satisfaction variable has a negative and insignificant effect on increasing public income.

5. The influence of service quality variables on community welfare variables, this can be evidenced by the Original Sample value (Coefficient) of $0.272 > 0.000$ with T-statistics $> T$ -table ($2,190 > 1,661$) and P-value $0.029 < 0.05$, then H_0 is rejected and H_1 is accepted, so it can be concluded that the service quality variable has a positive and significant effect on the community welfare variable.
6. The influence of service quality variables on the variable of increasing community income, this can be proven by the Original Sample value (Coefficient) of $0.530 > 0.000$ with T-statistics $> T$ -table ($5,182 > 1,661$) and P-value $0.000 < 0.05$, then H_0 is rejected and H_1 is accepted, So it can be concluded that the service quality variable has a positive and significant effect on the variable of income increase community.
7. The influence between the variable of income increase on the social welfare variable, this can be evidenced by the Original Sample value (Coefficient) of $0.547 > 0.000$ with T-statistics $> T$ -table ($3,516 > 1,661$) and P-value $0.000 < 0.05$, then H_0 is rejected and H_1 is accepted, meaning that the variable of increasing community income has a positive and significant effect on the variables of community welfare.

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